

Chief, SIC

9 February 1951

Chief, D/A

Export Control and Transshipment Detection Functions of D/A.

As will be noted in the attached memorandum this division (And previously Economics Division of ORE) has participated rather extensively in the work of the Export Control Program of the Department of Commerce. This participation has taken the form of membership on the Advisory Committee on Export Policy and its subcommittees and has involved the furnishing of intelligence support to those committees.

With reference to the case of suspected transshipment under immediate consideration this division intends to proceed as follows. 25X1A9a [REDACTED] will contact Mr. Moffitt of the Department of Commerce, the responsible licensing officer for electronics equipment in that 25X1A9a department. Mr. Moffitt will be requested to allow [REDACTED] to review all cases of electronic testing equipment for India for which any of the following U.S. Companies are license applicants: [REDACTED] 25X1X4

25X1X4 [REDACTED]

If a license application covering the equipment suspected of being involved in transshipment to Czechoslovakia is detected, Mr. Moffitt will be requested to disapprove the application. No reference will be made to intelligence sources as the basis for requesting this disapproval. Since Mr. Moffitt has been extremely cooperative in the past (re the ARAR cases), there is every probability that this export will be prevented.

25X1A9a [REDACTED]

-2-

ATTACHMENT

CIA RESPONSIBILITIES IN CONNECTION WITH THE EXPORT CONTROL PROGRAM

1. General Statement on Export Control Program

The authority to control exports on grounds of national security, foreign policy and short supply was delegated to the President by the Export Control Act of February 1949. This act required that the agency or official exercising such authority should consult with other agencies which are concerned with national security; authority to control exports was delegated by the President to the Secretary of Commerce.

Under this delegation of authority, the Secretary of Commerce established the Advisory Committee on Requirements, subsequently, the Advisory Committee on Export Policy (ACEP), and its sub-committees. Representatives from the Departments of Defense, State, Agriculture, and Interior, as well as NSRB, AEC, ECA, OIT and OIC were invited to participate in the program.

(a) Advisory Committee on Export Policy (ACEP)

This is an interagency committee which acts in an advisory capacity to the Secretary of Commerce regarding program determinations, revisions of the export control lists and other policy determinations. It also reviews, an appeal from the R Procedure and Operating Committees, unresolved applications for export licenses.

(b) Operating Committee (OC)

This is an interagency committee responsible for (1) addition to the Positive List of items from both the standpoints of conservation of domestic supplies and denial to the enemy; (2) establishment of export quotas for commodities controlled for reasons of short supply; (3) determination of strategic ratings of items placed under export control; (4) review of unresolved license applications, sent forward from the R Procedure Sub-committee; and, (5) support of the U.S. delegation at the Paris Coordinating Committee, which formulates and implements multilateral export control policy.

(c) R Procedure Sub-committee

This is an interagency committee which (1) reviews license applications for all Positive List items (other than those to destinations covered by special delegation of authority to OIT; (2) re-examines those license applications which remain unresolved; (3) recommends delegation of authority to OIT to grant or deny licenses for export of specified items or items to specified destinations; (4) examines evidence presented by the Appeals Board on license applications previously denied.

-3-

(d) Technical Task Groups

For the purpose of establishing and reviewing strategic ratings of various commodities under export control, a number of task groups were formed under the auspices of the Operating Committee. Among the groups upon which CIA was represented were the following: Abrasives and Refractories, Chemicals, Diamonds, Fuels, General Industrial Equipment, Iron and Steel, Nonferrous Metals and Minerals, Petroleum Equipment, Electrical and Electronic Equipment, and Technical Data.

(e) NSC East-West Trade Committee

This Division is also called upon from time to time to serve in an ad hoc capacity upon various other interagency committees.

2. Nature of CIA Support

CIA representatives have participated in the work of the several committees to the extent of giving intelligence support as required. This support has often been expressed in terms of a vote in the committee: (a) in the R Procedure Sub-committee, in favor of or in opposition to the granting of a particular license; (b) in the ACEP and Operating Committees, in favor of or in opposition to proposed program determinations, recommendations as to export quotas, or policy recommendations to the Secretary of Commerce. It should be borne in mind that all of these committees are purely advisory to the Secretary of Commerce.

3. Proposed Future CIA Interagency Responsibilities

It is proposed that in the future CIA representatives continue to serve primarily by giving intelligence support to the committees. This support is often given informally in committee discussions. Usually time does not permit formal presentations and security regulations frequently inhibit documentation. When, for the purposes of preventing the export of strategic commodities to suspected consignees, it becomes necessary to transmit documentary material to the Department of Commerce, special clearance is obtained from [REDACTED] CIA Liaison officer. This cleared material is then transmitted to the Department of Commerce Investigation Staff, formerly Enforcement Branch. 25X1A